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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 4, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-9188

DAHLBERG, INC.
(Exact name of registrant as specified in its charter)

Minnesota	41-0952205
(State of other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)

4101 Dahlberg Drive
Golden Valley, Minnesota 5542.

Registrant's telephone number, including area code: 612/520-9500

_____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days
Yes X No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

Class	Outstanding at April 24, 1992
Common Stock, $.10 per share	5,917,488 shares

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DAHLBERG, INC.

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Part I. Financial Information

DAHLBERG, INC.

CONSOLIDATED BALANCE SHEETS
(dollar and share amounts in thousands except per share data)

Assets

	April 4, 1992 (Unaudited)	December 28, 1991
Current assets:		
Cash and cash equivalents	$ 8,643	$ 7,569
Accounts and notes receivable, net	7,689	6,048
Inventories		
Raw materials	3,232	3,987
Work in process	356	254
Finished goods	1,250	1,325
	4,838	5,566
Deferred income taxes	2,062	2,062
Prepaid expenses and deposits	1,885	1,705
Total current assets	25,117	22,950
Noncurrent portion of notes receivable, net	807	657
Property, plant and equipment, net	16,500	16,799
Other assets, net	1,382	1,442
Total assets	$43,806	$41,848

Liabilities and Stockholders' Equity

Current liabilities:		
Current maturities of long-term debt	$ 294	$ 304
Accounts payable	2,772	2,738
Dividends payable	355	--
Accrued salaries and wages	496	910
Accrued product warranty expense	2,738	2,714
Accrued interest	309	297
Accrued income taxes	616	124
Other accrued expenses	4,107	3,342
Total current liabilities	11,687	10,429
Deferred maintenance agreements	369	350
Deferred income taxes	731	731
Long-term debt, excluding current maturities	1,454	1,540
Accrued retirement benefits and deferred compensation	1,194	1,113
Accrued product warranty expense	925	918
Total liabilities	16,360	15,081
Stockholders' equity:		
Common stock of $.10 par value. Authorized 20,000 shares; issued 5,917 and 5,902 at April 4, 1992 and December 28, 1991, respectively	592	590
Additional paid-in capital	13,465	13,400
Retained earnings	14,881	14,317
Equity adjustment from foreign currency translation	48	62
Debt guarantee of ESOP	(1,540)	(1,602)
Total stockholders' equity	27,446	26,767
Total liabilities and stockholders' equity	$43,806	$41,848

See accompanying notes to consolidated financial statements.

DAHLBERG, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar and share amounts in thousands except per share data)
(Unaudited)

	Three Months Ended	
	April 4, 1992	March 30, 1991
Revenue	$25,510	$22,560
Cost of sales	13,167	10,850
Gross profit	12,343	11,710
Selling, general and administrative expense	10,858	10,596
Earnings from operations	1,485	1,114
Other income (expense):		
Interest and dividend income	183	139
Interest expense	(52)	(86)
Other, net	(32)	22
Total other income	99	75
Earnings before income taxes	1,584	1,189
Provision for income taxes	665	508
Net earnings	$ 919	$ 681
Net earnings per common and common equivalent share	$ .15	$ .12
Weighted average common and common equivalent shares outstanding	6,267	5,868
Dividends declared per share	$ .06	$ .04

See accompanying notes to consolidated financial statements.

DAHLBERG, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollar amounts in thousands)
(Unaudited)

	Three Months Ended	
	April 4, 1992	March 30, 1991
Cash flow from operating activities:		
Net earnings	$ 919	$ 681
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	715	518
Provision for losses on doubtful receivables	213	151
Loss on sale of assets	--	52
Change in assets and liabilities:		
Increase in trade accounts receivables	(1,773)	(1,836)
Decrease in inventories	728	185
(Increase) decrease in prepaid expenses and deposits	(180)	276
Increase in payables and accrued expenses	428	2,361
Increase in income taxes payable	492	93
Increase in accrued retirement benefits and deferred compensation	81	51
Increase in deferred maintenance contract revenue	19	150
Net cash provided by operating activities	1,642	2,682
Cash flow from investing activities:		
(Increase) decrease in cash held in escrow	--	928
Acquisition of property, plant and equipment	(417)	(3,480)
Increase in cash surrender value of life insurance	(6)	(5)
Increase in notes receivable	(98)	(46)
Acquisition of other assets	(66)	(106)
Net cash used by investing activities	(587)	(2,709)
Cash flow from financing activities:		
Decrease in construction in progress payable	--	(546)
Proceeds from exercise of stock options	69	19
Principal payments on long-term debt	(34)	(27)
Payment of fractional stock shares	(2)	(2)
Net cash provided (used) by financing activities	33	(556)
Effect of exchange rates on cash	(14)	43
Net increase (decrease) in cash and cash equivalents	1,074	(540)
Cash and cash equivalents at beginning of quarter	7,569	5,150
Cash and cash equivalents at end of quarter	$ 8,643	$ 4,610
Supplemental disclosures of cash flow information:		
Cash paid during the three months for:		
Interest	$ 40	$ 66
Income taxes	173	415

See accompanying notes to consolidated financial statements.

DAHLBERG, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated financial statements included herein have been prepared by the Company without audit, in accordance with generally accepted accounting principles, and pursuant to the rules and regulations of the Securities and Exchange Commission. It is suggested that these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes in the Company's Annual Report Form 10-K for the year ended December 28, 1991 as filed with the Securities and Exchange Commission. In the opinion of management of the Company, these financial statements contain all adjustments (of a normal recurring nature) necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented.

2. Net earnings per common and common equivalent share are computed based on the weighted average number of common and common equivalent shares outstanding during the respective periods. Common stock equivalent shares include potentially dilutive stock options and are included under the treasury stock method using the average market price of the Company's common stock.

3. Certain 1991 amounts have been reclassified to conform with the 1992 presentation.

4. On February 20, 1992, the Company declared a 20% stock dividend which was paid on March 19, 1992. Dollar, share, and per share amounts in the accompanying financial statements have been retroactively adjusted to reflect the 20% stock dividend. On February 20, 1992, the Company also declared a cash dividend of $.06 per share that was paid on April 9, 1992 to shareholders of record at close of business on March 26, 1992. Dividends payable of $355,000 is reflected on the April 4, 1992 balance sheet.

5. The financial statements for the quarterly periods ended April 4, 1992 and March 30, 1991 include 14 weeks and 13 weeks, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	Comparison of Three Months Ended 04/04/92 vs. 03/30/91 Increase (Decrease)	
	In Thousands	Percentage of Change
Total Revenue	$ 2,950	13.1%
Cost of Sales	2,317	21.4
Selling, General and Administrative Expense	262	2.5
Interest and Dividend Income	44	31.7
Interest Expense	(34)	(39.5)
Earnings Before Income Taxes	395	33.2
Provision for Income Taxes	157	30.9
Net Earnings	238	34.9

Revenue

The Company's total revenue for the three month period ended April 4, 1992 was $25,510,000, an increase of 13.1% over revenue of $22,560,000 for the comparable period of 1991. This increase in revenue is made up of increases of 31% in wholesale sales, 30% in continuing fee revenue, and 18% in marketing services revenue. In addition, the first quarter of 1992 included 14 weeks compared to 13 weeks in the first quarter of 1991. Retail sales decreased 16.7%.

The increase in wholesale sales revenue is due mainly to increased unit sales to Miracle-Ear franchisees. The 18% increase in marketing services revenue is the result of increased customer sales leads generated from increased advertising levels and an increase in the price per lead charged during the first three months of 1992. The Company anticipates marketing services revenue to continue to be higher than 1991 levels for the rest of the year.

The Company has reached an agreement with Sears whereby management responsibility of the approximately 250 Sears Hearing Aid centers currently operated by Dahlberg will be transferred to Dahlberg's Miracle-Ear franchisees under direct license agreement with Sears. As of April 4, 1992, 29 of the Sears retail centers had been transferred. The Company anticipates that the conversion process will be completed by year-end. As a result, wholesale sales should increase, while retail sales diminish.

During 1991, the Company believes it held 12% of the private market. For the first three months of 1992, the Company believes that its market share remained constant and does not foresee any significant change in 1992.

Cost of Sales

Cost of sales for the first quarter of 1992 increased 21% over the first quarter of 1991, which is primarily a function of the 13% increase in revenue. The Company's overall gross profit margin for the first quarter of 1992 and 1991 was 48% and 52%, respectively. The gross profit margin decrease is mainly attributable to the significant increases in marketing services revenue and wholesale sales to franchisees, both of which provide lower gross margin than retail sales. The decrease in retail sales, which provide a higher relative gross margin, also contributed to the overall decline in gross margin.

Selling, General and Administrative Expense

Selling, general and administrative expenses for the first quarter of 1992 increased 3% from the first quarter of 1991. As a percent of revenue, selling, general and administrative expenses decreased to 43% during the first quarter of 1992 from 47% in the first three months of 1991. The decrease as a percent of revenue relates to the increased revenue from marketing services and wholesale sales which incur lower selling expenses, and decreased revenue from retail sales which incur higher selling expenses.

Interest and Dividend Income

Interest and dividend income for the first quarter of 1992 increased 32% from the first quarter of 1991 primarily due to increased levels of cash available for investment in 1992.

Interest Expense

Interest expense for the first three months of 1992 decreased 40% from the same period a year ago. Long term debt and interest rates are both below 1991 levels.

Earnings Before Income Taxes

Earnings before income taxes for the first quarter of 1992 increased 33% from the first quarter of 1991. The increase in earnings is a result of the factors described above.

Provision for Income Taxes

The provision for income taxes is an estimated percentage of pretax profits. The percentage for the first three months of 1992 was 42% compared to 43% for the first three months of 1991.

Net Earnings

The Company's net earnings were $919,000 or $.15 per share for the three month period ended April 4, 1992 as compared with net earnings of $681,000 or $.12 per share for the comparable period of 1991.

Liquidity and Capital Resources

The Company's working capital was $13,430,000 with a current ratio of 2.2 to 1 at April 4, 1992 and $12,521,000 with a current ratio of 2.2 to 1 at December 28, 1991. At April 4, 1992, the Company had a $500,000 unused line of credit.

Cash and cash equivalents increased $1,074,000 during the first quarter of 1992. Cash provided by operations was $1,642,000 in the first quarter of 1992 compared to cash provided by operations of $2,682,000 in 1991. The Company invested $417,000 in property, plant and equipment and $66,000 in other assets during the first quarter of 1992 compared to $3,480,000 and $106,000, respectively, in 1991. Principal payments on long-term debt were $34,000 during the first quarter of 1992 compared to $27,000 in 1991. No new short-term or long-term debts were incurred in 1992.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits. None.

b. Reports on Form 8-K -- None.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DAHLBERG, INC.
(Registrant)

Date: 5/13/92

By: Sally J. Smith

Sally J. Smith
Vice President, Chief Financial Officer